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Editorial Notes.

Congratulations:

We offer our heartiest congratulations to Mr. T. A. Ramalingam Chettiar of Coimbatore, on the conferment of the title of Dewan Bahadur on him, and Mr. R. V. Ramasundaram Pillai, President of the Srivilliputtur Banking Union, on the conferment of the title of Rao Bahadur on New Year's day. Mr. Chettiar is a prominent public man and member of the local Legislative Council, but we believe it is particularly in recognition of his services to the cause of co-operation that this high honour has been bestowed upon him. Under his wise and capable guidance as President, the Coimbatore District Urban Bank continues to be one of the best co-operative institutions in the province, with a strikingly small proportion of overdue loans. Another very distinctive feature of the Bank is that it spends a considerable part of its profits on rural uplift work in two union areas, namely, Satyamangalam and Perundurai, with a varied programme in each case. Mr. Chettiar is also intimately connected with the management of the most important of our provincial organizations—the Provincial Co-operative Bank, the Provincial Co-operative Union, the Central Land Mortgage Bank, the South India

Co-operative Insurance Society—besides being the President of the Tamil Nadu Co-operative Federation. He is also a member of the Standing Committee of the two All-India organizations of the Provincial Banks and Institutes. He was a member of the Townshend Committee and with his deep and intimate knowledge of the co-operative movement in our province he has been an effective exponent of the non-official view on co-operative subjects in the Legislative Council. Mr. Ramasundaram Pillai is an influential landholder and a member of the Executive Committee of the Provincial Co-operative Bank. We wish both these recipients of honour a long and useful co-operative career.

We congratulate also Rao Saheb T. R. Padmanabha Rao of Trivandrum on his having received some time ago the title of "*Udara Siromani*" from His Highness the Maharajah of Travancore. Mr. Padmanabha Rao is the maker of the Trivandrum Central Bank and the founder of several other co-operative institutions. The public have so much confidence in him that the success of an institution is assured with the management of which he is connected. He was Vice-President of the Committee on Co-operation which recently concluded its labours under the Presidentship of Mr. G. K. Devadhar, the veteran co-operator of Bombay. The title "*Udara Siromani*" (Jewel among the Generous) was conferred on him evidently in appreciation of the endowments made by him to help the cause of education and of medical relief. His other public services, such as for the cause of co-operation, are however, no less conspicuous. He is wonderfully active and energetic for his age, due to his being very simple and regular in his habits and to his having high ideals in life. In many respects he has set a worthy example for the younger generation to follow. We wish him many more years of activity and philanthropy.

We are glad that Dewan Bahadur M. Ramachandra Rao, President of the Madras Central Land Mortgage Bank, has been appointed a Director of the Reserve Bank. His wide experience of public life, his deep knowledge of financial matters and intimate contact with agriculturists will no doubt enable him to render very valuable services to the Reserve Bank. It is, however, for the Madras Register of shareholders that he has been thought of. No representative of co-operative interests as such has been selected, though, at an earlier stage the importance of these

interests was recognised by no less than three experts being invited for consultation and advice. It is a serious omission on the part of the Government of India, all the more so because not only does a considerable section of the agricultural population of this country obtain its finance from co-operative banks, but these latter also are well organised in most of the provinces into provincial banks, and these again have formed themselves into an All-India organization. Like the provincial banks, the provincial institutes, which are looking after the supervision of societies and are arranging for co-operative education and propaganda, have also formed themselves into an All-India organization, and it would have been very easy for Government to select suitable representatives of the co-operative movement from these All-India organizations. We hope the omission will be set right at the earliest opportunity.

The Right out-look for youngmen.

Sir Abdur Rahman, who delivered last month the Convocation address of the Punjab University, pointed out to the young graduates the right outlook while dealing with the subject of unemployment among the middle classes. "It may be difficult for them," he said "to secure high posts in Government services; but in a country full of poverty and ignorance it should not be hard for them to find congenial work in rural reconstruction in the economic life and the education of the poorer classes. Do not for a moment regret the education you have received, even though you may not find it lucrative." This advice is very timely, for it is only too common for educated young men, who have been disappointed in their attempts to get lucrative jobs, to become dejected and to spend all their time in bemoaning their lot, rather than think of employing it usefully. What lucrative jobs are available, by all means let them take. But when they are not forthcoming, let them take Sir Abdur Rahman's advice and be willing to employ themselves usefully though not remuneratively in the service of our villages. If they go there in a spirit of brotherly service and be content with the standard of living prevalent in the villages, they will be warmly welcomed and will also find real happiness such as no amount of money can give, in having been able to serve their country and countrymen. We hope the idea will commend itself to quite a large number of our young men.

The All-India Village Industries Association.

The main object of the Co-operative Movement in India being the economic welfare of the rural population, who form nearly 90 per cent. of the population of India, co-operators naturally welcome with enthusiasm the concentration, for sometime to come at least, of Mahatma Gandhi upon the economic improvement of the villages and his formation of the All-India Village Industries Association. Mahatma Gandhi is one of those rare leaders of mankind—who are born only at uncertain intervals in the history of humanity—who have the gift of making people do what they had considered impossible. To have such a tremendous force to work for his economic welfare, is indeed the good fortune of the Indian villager. The organization of the All-India Village Industries Association, so far as the centre is concerned, is nearly complete. Its headquarters will be at Wardha in the Central Provinces. A board of management consisting of eight persons, who have consented to give all their time for the work of the Association, some of whom are devoted unostentatious social workers, has been formed with Mr. J. C. Kumarappa as its Secretary. Equally important perhaps, an advisory committee of experts has been formed on which some of the most eminent sons of India have agreed to serve. Among them are the poet Rabindranath Tagore, the scientists Sir J. C. Bose, Sir P. C. Ray and Sir C. V. Raman, businessmen like Sir Purushottamdas Thakurdas, Sir S. Pochkhanawalla and Mr. G. D. Birla, and medical men like Dr. Ansari and Dr. Jivraj Mehta. Madras has the honour of contributing to that Committee of experts Messrs. V. Ramadas Pantulu and Jamal Muhammad Saheb. The services of both these gentlemen are sure to be of immense value to the Association. The former is not only the President of the Madras Provincial Co-operative Bank and the Madras Provincial Co-operative Union, which together are conducting half a dozen rural reconstruction centres in Madras Presidency, but is also the President of the All-India organizations of the provincial co-operative banks and the provincial co-operative institutes. He is thus a very suitable representative of the co-operative movement in the country. In the organisation of village industries, both for production and marketing, co-operative principles and co-operative societies are largely to be employed, and Mr. Ramadas Pantulu, in virtue of his position in the co-operative movement, will be able to promote very materially the work of the Association.

Mr. Jamal Muhammad, besides being one of the most philanthropic gentlemen of our Presidency, was till recently the President of the South India Chamber of Commerce and is one of the biggest dealers in hides and skins. His help and advice in improving the tanning industry in our villages should prove of special value. It is a matter for special satisfaction that Major-General Sir Robert Macarrison, whose researches on Indian foodstuffs have made him so well-known all over the country, should have consented to serve on this committee of experts. We congratulate him for joining, in the spirit of a true scientist, a movement which is designed to benefit the poor Indian villager, undeterred by notions of political association.

The detailed programme of the Association will have to differ from district to district according to the cottage industries prevailing now or till recently in each locality. But generally the main items will be the production and sale of the articles of food and clothing. With regard to the latter, Mahatma Gandhi indeed started the movement for hand-spun and hand-woven cloth nearly fifteen years ago, and those who ridiculed the idea then, now admit that it has attained a surprising vogue and that in some areas at least, spinning has saved poor agricultural families from starvation or migration. The campaign for *khaddar* will be conducted with unabated, if not, increased vigour, and in addition a compaign in favour of hand-pounded rice and hand-ground wheat flour will be launched. The chances of success for hand-pounded rice and hand-ground flour are decidedly greater than ever the chance of success was for hand-spun yarn. Milled rice may be somewhat cheaper than hand-pounded rice, but the difference in price is not so great as between mill-made cloth and *khaddar* of similar quality. Moreover, the superiority of hand-pounded rice from a dietitic point of view is loudly proclaimed by all medical men and therefore any little extra price given for it is a sort of premium for health insurance. At present the demand for hand-pounded rice, at any rate among the educated and affluent city-dwellers, is greater than the supply. With suitable propaganda or education of the consumer, and organization, it should be possible to make its use very considerable. In cities and in some rural areas where there are enough other occupations for the women of the labouring classes, there may be difficulty in getting them to pound paddy for a reasonable wage. But there are certainly plenty of other areas where it would be worth the while of the people to pound rice. The staple food over most of our province being rice, the scope for trade in hand-pounded rice is immense. The existing co-operative societies can help a good deal in this matter either by organising the consumers or the producers. One agency against whom the consumer of hand-pounded rice should be warned, is the exploiting middleman. Even in an article like *Khaddar*, we have had mill-made *Khaddar*, and Japanese and American *Khaddar*. The scope for fraud is much greater in the case of rice. The supply should, therefore, be obtained from a reliable agency like a co-operative society or from an institution the object of which is not not private gain but service.

The work of Vinayashram.

In this connection we are happy to draw the attention of our readers to the excellent work turned out by the Guntur District Hand-Pounded Rice Association under the inspiration and capable management of Mr. G. Sitarama Sastry of Vinayashram. The first annual report of that Association was recently published in HARIJAN.

> " The objects of the Association are two: The first is to relieve unemployment that prevails among poor Harijans for four months in the year, between the transplantation and harvest seasons in the Delta taluqs. The second is to encourage the use of hand-pounded rice by town people and village folk, whose health has deteriorated by the consumption of milled and polished rice."

During the year 14 sets of persons were engaged in 12 different villages of Guntur District in the pounding of rice. The total output was about 4,500 bags of 266 lbs. each. Wages were distributed in kind and formed 10 per cent of the output, i.e., 450 bags. " This work carried on by the Association is enough to provide employment for 56 persons continuously for 360 days in the year. A rice factory producing the same quantity of rice can provide work for only 4 persons throughout the year. The machine, therefore, displaces 52 persons, throwing them out of employment and starving all their dependents numbering about 100 persons." We are told that the revival of this industry has given work to 15 persons in the sales branch and to 17 others in the production branch, belonging to the middle class; and also some work to the village carpenter, blacksmith and stone-cutter. The payment of the wage in kind

makes it for more equitable and just than a money wage which would necessarily have to fluctuate with the fluctuation of the prices of necessaries of life. Hand-pounding charges being two to three times higher than milling charges, it is indeed a wonderful achievement of Mr. Sitarama Sastry to have been able to supply hand-pounded rice at the same price as milled rice in places like Guntur and Bezwada, which are important centres of trade in milled rice. This has been possible on account of the spirit of self-sacrifice of Mr. Sastry and his co-workers and the efficiency of their organization.

We are glad to know that the Triplicane Stores, the premier consumers' society in this country, is supplying to its members hand-pounded rice got from Mr. Sastry. If it could educate all its members to use hand-pounded rice in the place of milled rice, its requirements alone would be more than three times the quantity of rice pounded by the Guntur Association during its last year of work. In other words, the Triplicane Stores can give continuous work throughout the year for some 160 pounders and to nearly a hundred persons of the middle class—on the scale of the Guntur Association. There are other articles like pulses and oil in the making of which also the Triplicane Stores can give employment to a large number of men and women. To believers in the doctrine of 'each for all and all for each' it should give very great joy to provide work for a large number of their countrymen on terms of equity.

A Consumers' League.

The Nungambakam Consumers' Co-operative League recently celebrated its second annual meeting. The chair was taken on the occasion by Mr. T. R. Venkatarama Sastriar, C. I. E., who was for many years President of the Triplicane Stores, and an address on the Store movement in the West was given by Mr. V. Ramadas Pantulu, who recently attended the International Co-operative Congress as India's representative. The League was started in August 1932, 'forthe purpose of understanding the aims and methods of the co-operative movement in all its aspects and for concerting measures for its spread among the masses by means of intensive education and propaganda.' It was blessed at its birth by Rao Saheb T. K. Hanumantha Rao, the veteran co-operator and pioneer of the store movement in this province. The League should be congratulated on its having completed two years of good work. It is indeed a unique association as it claims to be, for it has "no money subscriptions, no finance, no constitution and rules, no office-bearers, no committee of management and elections. It is in every sense of the term an *association of persons*." The members meet once a month, partake of light refreshments provided by a member host, listen to a talk on some topic of co-operative interest given by a prominent worker in the field of co-operation invited for the occasion, then put questions to him if they wish to elicit more information, and disperse.

In the second year, however, the members began to feel that they should consume something more substantial than mere co-operative ideas. So they started a 'business adjunct,' namely, the Nungambakam Buying Club. The members of the League are, most of them, active members of the Triplicane Stores and take a very keen interest in the affairs of its Nungambakam branch. Through this Buying Club they obtain only articles which are not supplied by the Triplicane Stores, such as fuel and charcoal. Indents are collected once a month, articles are purchased in bulk and are immediately distributed among the members. The prices charged are the market rates, and the difference between the net cost and the sale realisation is credited to the account of each member in proportion to his purchase. Both the educational side and the buying side are working very regularly, with satisfaction of needs and growth of co-operative feeling among the members. The League owes much of its success to the zeal and guidance of Mr. S. Subbarama Iyer, Senior Lecturer in Economics in the Christian College, Madras. He has started a similar league at Theagaroyanagar, which joins hands with the Nungambakam Buyers' Club for the purchase of fuel and other articles. The example of these leagues deserves to be followed not only by others groups of consumers Madras, but by the educated classes generally all over the presidency.

Buying clubs of this kind will always work for more satisfactorily than a regular store. The latter often fails on account of lack of experience in management and high working expenses. The buying club may pave the way in course of time for a regular store; it is best to make a beginning with the buying club

We have not attempted to summarise the address delivered by Mr. Ramadas Pantulu for he has contributed to this issue an article on Consumers' Movement, a subject on which he delivered a series of lectures at several branches of the T. U. C. S. since he returned from England. In the course of this article he makes a very practical suggestion for the development of the consumers' movement in India. We shall deal with the subject in our next issue.

Consumers' Co-operation

BY MR. V. RAMADAS PANTULU.

It is a matter of common knowledge that in spite of the great need that there is in India for the development of production and distribution on a co-operative basis, little progress is made in that direction and our development has been extremely lopsided. The inter-relation between the different forms of "Co-operation" is not fully grasped as yet by us in this country. The credit society or the village bank, on which we have so far concentrated our main effort, is no doubt a very beneficial institution to the ryot, providing him with cheap and productive credit. But even a casual observer of our rural life can see that it is not merely want of facilities for borrowing on easy terms that afflicts the ryot. The absence of organisations, which help him to come into closer contact with the consumers, daily compells him at one end to sell his produce to middlemen for much less than the value which the ultimate consumer pays for it to the profiteering capitalist who buys and stocks it for retail distribution. The loss on this head is no inconsiderable item on the income side of the producing ryot's budget. Then there is the spending end expenditure side of his budget, which discloses the prices paid by him, for obtaining his supplies—the necessaries of life which he does not himself produce on his farm. The prices charged by the rural shop keeper or the urban retail dealer are often unconscionably high and go to swell the profits of these vendors, not to speak of the illegal gains made by them by the use of false weights and measures, adulteration of commodities and other malpractices. Consequently, the ryot realises less than what he ought to by the sale of his produce and spends on his sustenance more than he need do. The most potent remedy for this deplorable feature of our rural economy lies in organising production and distribution on a co-operative basis.

Again the industrial population, the working classes in urban areas, are similarly exploited by the retail dealers and a good proportion of their hard earned slender wages goes into the pockets of these dealers. No real attempt has so far been made to organise the workers to protect themselves against such exploitation. Great pioneers in England and France like Robert Owen, George Jacob Holyoake, Charles Fourier and Charles Gede promoted several forms of associated effort and encouraged collectivist tendencies among the working classes. To those social reformers and to the Rochdale Pioneers must be given the credit of laying the foundations of modern consumers' co-operation. The labour leaders in India have not yet realised the potentialities of Consumers' Co-operation as a working class movement.

Place of Consumers' Co-operation in the National Economic System.

Co-operation to-day as a working class movement in the West stands out as an independent economic system from other systems. It differs fundamentally, for instance, from the capitalist or classical school of economics, advocated by economists like Adam Smith and John Stewart Mill on the one hand and the system of socialists of the Marxian school on the other. As a recent writer has put it, co-operators have proudly pitched their camp facing on the one side the liberal school of classical economists and on the other the Marxian doctrines in the ascendant for the last fifty years. The aim of the classical school of economists is to lower the cost of living and facilitate international relations by free trade and demolition of tariff walls. But they assume that the existing social order must be maintained, that the law of supply and demand will guarantee just price, that competition will regulate profit and that the system as a whole will ultimately lead to automatic adjustment towards equality. Co-operators deny every one of these assumptions. Co-operators hold that the rights of the several agencies involved in production and distribution can never be harmonised in a competitive system. While liberal economists believe that competition is an essential factor in economic progress, co-operators unreservedly condemn it. As for Socialism, it is true that there is much that is common to the aims of co-operation and socialism, as both of them are anti-capitalist and opposed to the institution of private profit. But, while both seek to bring about a juster and more equitable readjustment of the relations between the various

sections of the community, specially between capital and labour, their methods radically differ. Co-operation leaves in tact the sphere for the unceasing activity of individual effort. Again co-operation does not consider or recognise that class strife is necessary for such re-adjustment of our social relations. They believe that unity and mutual aid in the co-operative system can eliminate class conflict. While the socialists' weapon is *political action*, the co-operators' weapon is *economic action.*

Co-operators aim at the establishment of an industrial democracy in which the consumer rules on a basis of equality. The philosophy of consumers' co-operation is thus put by Sonnichsen: "As consumers we shall control ; as workers we shall serve each according to his abilities to be rewarded not on an equal basis nor according to the time he works, but as near as human justice can fix it, according to the value of his labour to his fellows." It is those who eat that decide whether a loaf of bread is well made and it is the readers that decide whether a book is instructive. It is therefore the consumer that has the right to determine the prices. Co-operators hold that just price can never be attained through the operation of the laws of supply and demand and competition. The surplus fund called, "profit" must be divided not only between capital and labour but also among consumers. The co-operative dividend on purchases returns the "profit" to the consumer after meeting a small interest on capital and a just wage to workers and thus abolishes "profit" in its capitalistic sense. This is claimed by co-operators as a real revolution in economic practice. In effect, the aim of consumers' co-operation is to transfer economic control from the realm of the producer to that of the consumer. The co-operators' instrument is association. While individual effort is encouraged, the feebleness arising from economic individualism is overcome by promotion of associated effort and elimination of conflict. Stupendous as this endeavour at socio-economic reform may seem, co-operators believe that it is capable of being accomplished and is within the range of practical politics. In this new economic system, there is no room for communalism, sectarianism or any other " ism " which leads to strife or internal conflict in society. It is broad based on true democratic foundations.

Co-operation and Swadeshism.

Whlie co-operation is international in its ultimate aims and outlook, it is no less regarded, in a sense, as an instrument for the promotion of economic nationalism. In other words, the co-operative store is everywhere a Swadeshi organisation mainly for ensuring production, stocking and distribution of the indigenous products. The stores in the West bear the distinct stamp of their homeland. We must therefore also make our store as Indian as the Ganges. It must exhibit, advertise and sell things which bear the impress of Indian home life, Indian craftsmanship and Indian taste. I hope that our stores will be genuine Swadeshi enterprises and will not lend themselves to be agencies for the advertisement and sale of foreign articles.

The managers of some co-operative stores, when asked by me why they stock and sell foreign articles, their answer invariably was that they should cater to all tastes and should sell to the consumer what he wanted. It is an illusion to believe that in the distributive shop which sells goods of capitalist producers, a consumer really gets a chance to buy what he wants by his own choice. In most cases, it is the capitalist producer, in his capacity as distributor, that determines what the consumer shall want. By a most scientifically developed system of creating active commercial demand for his articles, the producer makes up the consumer's mind as to what the latter shall purchase. The producer and not the consumer rules the distributive shop. An American writer discussing the system of distribution in his country says: "In the days of hand production, our grandparents sought the producer to obtain that which would satisfy their simple wants. Now the producer, through advertising and other persuasive salesmanship, pursues the consumer so actively that the consumer has become relatively passive or is even on the defensive. The consumer does not as of old, of his own initiative, go to buy; he merely consents to buy when he is importuned to do

so. This *pressure* is applied by scientific means and with tangible results......We consumers are about as unconscious of this influence as we are of increased pressure of the atmosphere when we descend from the mountain to the valley but the facts are fully demonstrated by figures. I claim that, through this influence of aggressive marketing consumers are caused to buy when they should not spend their moeny; are caused to buy wrong things instead of things suited to their needs; are distracted from choosing widely and are afforded insufficient facilities to aid in wise selection." The principles of psychology are fully availed of in creating this demand. W. D. Scott in his psychology of Advertising says: "Every normal individual is subject to the influence of suggestion. The actual act of human advertising is not so much to convince as to suggest." It was once estimated that in America quite twice as such money was spent on advertising goods for sale as on education of every kind, primary, secondary, university, technical and occupational. Modern salesmanship is a great science and art and expert training is necessary. If our co-operative and swadeshi stores are to be a success, we must have expert salesmen to counteract the capaitalist producers' influence and to make counter suggestion to encourage co-operative and swadeshi products. In other words, it must be the duty of the co-operative consumers' store to undo this mischief of the capitalist system, eliminate the rule of the capitalist producers and rehabilitate the consumer in his rightful place. His tastes must be re-educated. He must be taught once more what is good for him to buy—to choose wisely. The co-operative store can do a great deal to aid him in wise selection and to extricate him from the subtle and all-pervading influence of the capitalists in production and distribution of commodities. A human being is a bundle of wants existing and to be acquired and the distributive store, an institution which caters to his wants—whether material wants like food and clothing or spiritual wants like art and music,—can exercise great influence over his life. If each individual consumer is thus educated through the co-operative store to cultivate a liking for swadeshi goods and encouraged to use them, the mass of Indian consumers will soon become swadeshi in their outlook.

Wholesale and Retail Distribution.

The Consumers' Movement in the West does not consist of a number of isolated distributive stores. It is an organisation of numerous distributive stores federated into powerful wholesale societies. Just as in the case of political federations, it is possible either to decentralise a big store into a number of units of retail shops, the parent store functioning as their wholesale, or to integrate a number of independent distributive stores into a wholesale federation, in which the individual units retain their autonomy and derive their sustenance from the wholesale or it may be a combination of both these devices. There are examples of all these kinds of wholesale societies in the West. In India, we have not yet got a single wholesale society worth the name in any province. This is perhaps the weakest point in our consumers' movement. In India, we know that a small co-operative credit society cannot derive sufficient funds at reasonable rates of interest for the use of its members, if it depends upon itself for its resources, and that if such societies are federated into central banks and provincial banks, they are able to collect and distribute an enormous amount of cheap productive credit—about Rs. 50 crores (500 millions). It is precisely the same case with the distributive stores also. To buy goods in bulk and supply them cheap to their members, the distributive stores must be federated into large institutions, which can discharge those functions efficiently. It is time that we in India begin to think on these lines. The biggest co-operative store in India, namely, the Triplicane Stores, (T.U.C.S.) is now nearly thirty years old. I believe this institution is in a position to introduce some suitable modifications in its constitution. If I may venture to make a suggestion, I think it can start by converting itself into a wholesale store for such of its branches which are well run and are working at a profit, while the weaker ones may continue to remain its branches. As I have already said such a combination of functions is not unknown in the West. When the T.U.C.S. thus converts itself even partially into a wholesale, it can begin production of some kinds of goods for the use of its member societies and members. Co-operative production is now a

normal function of most wholesale societies. This is a line of development which will help to encourage our small scale industries and to relieve unemployment and should no longer be neglected.

Methods of Business.

In regard to methods of business, we in India have hitherto accepted three rules as fundamental to consumers' co-operation, namely, (1) sale to members, (2) sale for cash and (3) sale at market price. All these are no doubt excellent co-operative practices. The question whether they should be considered as fundamental principles of consumers' co-operation is now engaging the serious attention of co-operators in the West. The Central Committee of the International Co-operative Alliance is now engaged in examiningthe conclusions of a special committee which was set up to enquire into the conditions under which the Rochdale principles are applied in various countries. The report of that Committee, thereon with the opinion of the Central Committee of the I. C. A.; which was submitted to the Fourteenth International Co-operative Congress was remitted to the Central Committee of the I. C. A. for further consideration and fresh report. The special Committee sent round a questionnaire-to all the member organisations of the I.C.A. to elicit their opinion in regard to the present day applicability of those principles. The replies received show that there is considerable divergence of practice in respect of business methods in the several countries. Trading with non-members seems to be now generally permitted, though the object of extending the benefit of the stores to non-members is not to relegate the rule of "sale to members" to the realm of the obsolete, but to induce non-members to become members as soon as possible by the appreciation of the benefits afforded by the store. The entrance fee is purposely kept low and the other conditions are made easy of compliance to give all possible facilities to non-members to join the store. Trade with non-members must be looked upon as a part of advertisement and propaganda to help recruitment of new members, rather than as expansion of business with strangers.

In regard to cash trading, co-operative opinion is sharply divided. While 21 organisations declared that the principle of cash trading was laid down by their rules, an equal number stated that their rules imposed no obligation in the matter. The percentage of credit trading, however, widely varies even in countries whose organisations recognise it. Of the 21 organisations, who recognised credit trading, about half the number sent returns to show that their credit trading was less than ten per cent of the total, while the other half showed over ten per cent. In some cases it was as high as 90 per cent. But such a percentage was very exceptional. On the whole the large bulk of the distributive trade of the co-operative stores in the West is done on the cash system and where credit is allowed it is subject to very strict conditions and limitations.

The question of the price at which goods are to be sold to members is intimately connected with that of dividend on purchases. The Special Committee of the I. C. A. reported that the amount and rate of the dividend appeared generally to be governed by local practice and did not conform to any fixed standard. About three per cent is the average rate of dividend. In some cases it is as high as 15 per cent but they are rare. In some countries where non-members' purchases are recognised a half dividend is paid to them.

The present day tendency seems to be against high dividends, resulting from high prices, i.e., the market price. I found that in some of the stores in Europe, which I saw, members obtained their supplies at 2 to 5 per cent less than the market price and received correspondingly lower dividends on the purchases. In Russia it is said that dividend has been abolished on the demand of the members of the stores. In Yugoslavia the store is exempt from taxation, only if the annual surplusses are not distributed. So, "sale at market price" is not a rule of universal practice now.

It is for us in Inda to examine all these questions in the light of local conditions. It may be that there is room for divergence of practice in different parts of India itself and that it is not necessary to aim at uniformity in these matters, even in India.

For instance while sale for cash is strictly enforced in Madras, Mysore is working the credit sale system. It is difficult to express a definite opinion on these rules of practice without a careful investigation as to their applicability to Indian consumers' stores and local conditions; such an investigation has not been attempted so far.

A word as to management may not be out of place. In the West, co-operative organisations do not draw their directors, paid or honorary, on the principle of communal, class or territorial representation. In this country, such representation is claimed to be a basic doctrine of democracy. This is subversive of good management as well as sound co-operation. The directors of our institutions should be selected from those co-operators, who are best equipped for the task by character, capacity and training. When an efficient directorate consisting of men possessing knowledge of sound business principles and practice and a staff of capable and honest employees are set up most of the difficulties experienced in purchasing the supplies on the most advantageous terms and ensuring a fair deal to the consumers will solve themselves. There is no other solution for them.

Education and Propaganda.

I feel that we are greatly suffering in India from lack of propaganda and education in Co-operative principles and practice. In the West, propaganda and co-operative education are considered even more important than the business-side of the movement. As the intelligent consumer is the hope of co-operation, we must create intelligent consumers by ceaseless effort in propaganda and education. There is an impression that consumers' co-operation cannot make headway in agricultural countries like India. This is not correct. After the Great War, many agricultural countries in the West similarly situated to India, have developed consumers' co-operation marvellously. But much education and propaganda is necessary for this developement. The common good fund of large stores like the T. U. C. S. ought to be unstintingly utilised for such education and propaganda. The mere accumulation of such funds over years serves no purpose. If they are accumulated with the object of creating a nucleus for a central co-operative institution for educational and research work like the Horace Plunkett Foundation, it is another matter. If the T. U. C. S. takes the initiative in such a scheme and uses its accumulated funds for the purpose, I am confident that the Madras Provincial Co-operative Bank will not be unwilling to come forward to make the scheme a success, by suitable financial aid from its own common good fund. I commend this suggestion for the serious consideration of co-operators in the Madras Province.

Moral Foundations of the Movement

It must be remembered that Co-operation has for its foundation not merely *economic* but *moral* ideals. The moral ideal—to promote truth, just dealing and equity—has been the bed rock of the consumers' co-operation in the West. Among the objects of the British Co-operative Union is to be found the following. "This Union is formed to promote the practice of truthfulness, justice and economy in production and exchange by the abolition of all false dealing, either (*a*) *direct*, by representing any article produced or sold to be other than what is known to the producer or vendor to be or (*b*) *indiect*. by concealing from the purchaser, any fact known to the vendors material to be known by the purchaser, to enable him to judge of the value of the article purchased." The great apostles of the Co-operative Movement in the West were those imbued with the "Christian idea of charity to all" and belief in the "infinite value of the human being." It is those ideals when secularised take shape as democracy, on the foundation of which most of the modern political and social edifices are erected. We cannot succeed in developing Co-operation in India unless we hold fast to those moral ideals and regulate our business in accordance with them.

Rural Reconstruction *

II

By P. Nachimuthu Gounder, B.A.,

Co-operative Credit and Trading.

Unlike other countries where the co-operative movement was started spontaneously, on the realisation by the people that corporate action is necessary to achieve material progress in every field of human exertion, in India the movement had its genesis by the initiation of the Government. Despite the lapse of a quarter of a century and the efforts of a number of organisers, the movement has touched but a small portion of the countryside. The ryots get credit without difficulty and at a rate much lower than what the average money-lending rate was formerly (18 to 36 per cent.). Indeed money lenders are now obliged to lend at 12 per cent. and less.

It is a lamentable fact that the Indian cultivators have not yet fully understood the co-operative principles. Little do the people realise that the co-operative society is an agency for joint action and that it is an association for the elimination of competition and for practising thrift and economy. In European countries agriculture has benefited most from forms of co-operation other than credit. The economic need of any agriculturist does not stop merely with the obtaining of a loan for current agricultural operations. An intelligent farmer has not only to mind the provision of credit but also the purchase of raw materials, manure, seeds, tools etc. Instead of buying individually the goods they need the farmers may club together and buy their requirements wholesale. By this process of joint action, they will not only get a reduction in prices, but also get genuine quality and correct quantity.

Spare Time Occupations.

Subsidiary or Cottage Industries:—The late Mr. Ranade, the father of Indian Economics, observed that a nation driven to one pursuit, however big and important it might be, like agriculture, and deprived of the opportunity for the exercise of its best talents in the working of finer wares, was doomed to decay. According to Dr. Slater, agricultural work in South India takes only five twelfths of

* Part I appeared in February issue of M. J. C. of 1934.

the working time. In the absence of auxiliary industries to occupy the time of the agriculturists, they look upon the slack season as the time for recreation, marriage and litigation. Mr. Darling points out, "The only way in which a small farmer can keep himself out of debts is by being frugal and industrious and by having a second string to his bow." The main solution appears to be the diversification and improvement of agriculture and the revival of certain cottage industries. The words of Mr. Henry Ford, the greatest industrialist of America, are literally applicable to the present position of India. He says, "People must now be helped to have one foot on the land and the other on industry, If one fails the other is there and both cannot fail together. The land supports life; industry helps the man to make the land support him."

The Agricultural Commission proposes that in heavily congested areas steps should be taken to draft a portion of the population into industrial areas and to help it to migrate to thinly populated parts within the country. After internal migration emigration outside India may also be encouraged.

Now to the question of periodical slackness of employment which varies from 2 to 7 months in the year, various suggestions have been made in the matter of rural industries. In their spare hours the agricultrists may turn to the industries that are located in rural areas such as sugar-refining factories, oil-crushing mills, tobacco factories and the manufacture of agricultural implements. They may take up also domestic industries like spinning, weaving and dyeing. Of these the hand-loom industry is the most important since it still occupies a remarkable position in rural economy in spite of the competition of factory products.

Among others we may mention coir, pot, mat and basket making, bee-hiving, poultry rearing, and eri-silk producing and finally dairying on western principles.

Sanitation and Medical Relief.

The first mark of better life is better health. In most of our villages sanitary conditions are absolutely absent. The most elementary requisite of an adequate water supply is lamentably lacking in many villages. Generally in each village there is a tank or well,

familiarly known as "the common well," which is utilised for all kinds of purposes, for drinking and bathing by both men and animals. Again the houses in which the people reside are not well ventilated; further, we can see heaps of cow-dung, ashes and other domestic refuse thrown in front of the houses in every village, and this insanitary condition gives birth to many diseases. The refuse of the village forms a very good aid to fertility and it may be removed to the field, where it will serve as good manure, and increase the produce of the farmer.

Rural dispensaries must be opened at every important village, each of which will serve as a centre for about 10 or 12 villages in order to give medical relief to the ryots. To afford adequate medical help to the villagers, practitioners who are over crowded in urban areas may be sent to rural parts.

In the opinion of administrators like Mr. Brayne of Gurgaon fame, the suffering of the villagers is self-inflicted, they live in unnecessary squalor and lavish money on jewellery and marriages and the more chronic hobby of litigation, while the demon of drink has taken possession of not a few. A new vision of life and a new hope are necessary to get the villagers out of the vicious circle; and it requires missionary effort to transform village life which has become dull and brutish into one of hope and freedom.

Agencies of Rural Reconstruction.

Schemes of improvement of public health and medical relief and water-supply in rural areas are no doubt being pushed through by the Provincial Governments in the last few years.

It would be decades if the Government and the District Boards were alone to carry out the work of reconstruction before all the villages would get the chances of decent existence. There is ample scope for work of an educative character that is necessary if the villagers are to be raised and made to work out their salvation themselves through the agency of their own Panchayats. Such propagandist work is best taken up by persons not connected with the Government or are not in the service of the District Boards. It should be essentially the work of non-official leaders and of institutions like the Servants of India Society and the Y.M.C.A., whose members have already to their credit splendid work done in certain typical rural centres.

Village Panchayats.

The time honoured institution, the Village Panchayat, "a self-contained republic" with an orientation to suit modern democratic views is the pivot on which many schemes of Rural Reconstruction are made to revolve. It is the court of Justice in matters social as well as economic. It is an administrative unit to which may be assigned many duties now performed by the Departments of Government—the renovation of tanks, the repair of irrigation channels and settlements of water-rights. It requires indeed leadership of a higher order to induce the villagers to revive this ancient institution of corporate action for common good.

Social Reform.

More thorny questions are likely to press for solution as regards social reform. Freedom and education are sure to be demanded in an increasing measure for the women of all classes. Marriage customs, in particular early marriage, wasteful expenditure on gaudy jewels etc., must also go down with the dawn of sanity in the minds of the middle classes.

The Indians are firmly bound by the fetters of custom and they are particularly so when they forget the lower strata of society altogether. "Untouchability" is a tremendous barrier which retards the progress of the country in every aspect especially in its economic side. The men of the so-called higher castes enjoy amenities, social and economic, at the expense of the untouchables, who lead a life of semi-starvation though they toil in the fields from dawn to dusk, unheedful of the scorching sun, the fierce wind and the torrential rain. While they willingly allow dogs and pigs to enter their houses and kitchens, they deny to their own brethren, the right of walking in the public roads, of entry into the common temples and admission into public schools, and worst of all, they do not permit them to draw from the public wells water which is a bare necessity for every human being in this world. Unless and until active propaganda is carried on for the abolition of untouchability, the economic, social and political prosperity of the country cannot be had in the near future. Acharya P. C. Ray, a true patriotic son of Ind, has rightly said, "The most burning question of the day is the removal of untouchability from the Hindu community; it is like a deadly poison eroding, nay, eating into the vitals of our social structure; more than anything

else it is the most serious obstacle in the path of nation building. All our efforts should be concentrated on the wiping out of this shameful blot upon Hinduism." Pandit Madan Mohan Malaviya and Professor Sir Radha Krishnan are of opinion that a nation could not be said to be free even if a single community remained oppressed.

Much admirable work has been done in the Punjab in these and other spheres by Mr. Brayne.

Gentler and more persuasive methods are necessary, and none are more fitted to undertake the lead then the modern educated youths of the country. It is indeed with them the ultimate responsibility for the welfare of rural classes should lie. The Agricultural Commission has rightly said:

"Among a people, whose history goes back as far as does that of India, and in the society upon which the fetters of custom are so firmly bound, the inertia of centuries can only be overcome by the ready self-sacrifice, by the enthusiasm and by the sustained efforts of those who themselves enjoy the blessings of a liberal education."

Conferences.

MALABAR DISTRICT CO-OPERATIVE CONFERENCE.

The Seventh Malabar District Co-operative Conference was held at Calicut on the 24th November. The Conference was opened by M.R.Ry. Dewan Bahadur K. Deivasikhamani Mudaliar Avl., Joint Registrar of Co-operative Societies, and was presided our by Mr. G. K. Devadhar, C.I.E., President of the Servants of India Society and a veteran Co-operative leader of Bombay and recently the President of the Travancore Co-operative Enquiry Committee. M.R.Ry. Rao Bhadur P. K. Kunhunni Menon Avl., President of the Malabar District Co-operative Central Bank, welcomed the delegates as the chairman of the Reception Committee.

MR. DEIVASIKHAMANI MUDALIAR'S SPEECH.

In opening the Conference Mr. Deivasikhamani Mudaliar made the following speech.

Economic Depression and the Co-operative Movement.

" The unprecedented economic depression of the last five years has affected the Co-operative Movement in the Presidency very much. With the fall in the prices of agricultural produce and consequently of land value, the position of the ryot has become pitiable. He has now to part with twice or thrice the quantity of the produce which he would have done before the depression to repay the same amount of loan. With the present value of land, he finds himself on the verge of bankruptcy. Several remedies have been and are being suggested to give him relief. So far as Co-operative Societies are concerned, these have been permitted to reduce their rate of interest even on outstanding loans on certain conditions. They can waive all penal interest on overdue loans. If any one is prepared to pay the entire debt, societies are at liberty to offer him concessions provided such concessions will not affect the interests of their own creditors. Even before the depression set in the overdues in societies were increasing by leaps and bounds. The depression has added to the difficulties of societies. Overdues have become alarmingly large. In spite of this, the financing banks where able to meet their obligations and their financial position is generally sound. This does not mean that the Central Banks will not sustain losses on account

of the reduced value of the assets of their affiliated societies. But the examination so far made discloses that the losses will not materially affect the position of Central Banks. Central Banks should, however, give their special attention to this matter of verification of their assets.

The Movement in Malabar.

From the point of view of Co-operation, Malabar is one of the developed districts. There were on 30-6-1934, 611 Co-operative Societies with a working capital of Rs. 16·59 lakhs. Malabar has not escaped the general depression and the effect of the depression is seen in the working of the societies. Of the sum of Rs. 10,59,525 outstanding against members in village credit societies, Rs. 9,18,830 was overdue, about 85 per cent. of the demand. Only a sum of Rs. 1,49,115 was lent by the societies to their members during the last co-operative year. These figures indicate that the movement was dormant and there was no life in most of the societies. This state of affairs cannot be permitted to continue for long.

Remedies.

Societies must be revived and at once. With the abundance of money available in the movement, co-operators cannot avail themselves of it. While the market rate is low, co-operators are paying a rate of 10, 15/16 per cent on the loans they take from societies. All this is due to the sins in the past. Life must be put into societies and they should be asked to serve the purpose for which they were brought into existence. They should be asked to do "prayachittams" for their sins and turn a new leaf. In regard to existing overdue loans,wherever there is adequate security and where the borrower can be expected to repay in instalments, extension of time should be given. In other cases, particularly in cases where delay will mean loss, action should be taken to collect the dues. A society in which there are a large number of cases where action has to be taken to collect the moneys due immediately, should be treated as bad and it should be placed in charge of a Manager appointed under bylaw No 62 of the model by-laws for village societies or under Section 43 of the Co-operative Societies Act superseding the panchayat. If it cannot be mended in either of these two ways, it should be liquidated. Some of these societies can also be left in the hands of the panchayat. provided they can be trusted to take action without fear or favour. They get decrees passed by arbitrators and such decrees can be transferred to the Co-operative Department for execution. In this connection I may tell you that the machinery of the Co-operative Department has been found to be effective in this respect. Although the staff employed is very small, it is able to collect in cash about Rs. 2 to 3 lakhs in a quarter. I have to give a warning in this connection to the co-operators of the Presidency. They seem to think that every case of default should be referred to the Co-operative Department and they should collect amounts due by issuing process. This will be physically impossible. There are at present over $1\frac{1}{2}$ lakhs of awards pending in societies involving over a crore of rupees. It will be physically impossible for the Co-operative Department even if they increase the staff to execute all these awards. The amounts should in most cases be collected by the ordinary method of persuasion.

In the matter of giving loans, societies should adopt a different method. They should give loans only for current needs repayable within 1, 2 or 3 years and in rare cases 5 years. Effective steps must be taken to collect the loans out of the produce of the borrowers. The effective way in which this can be done is to link the village society with a sale society. The Central Bank should not give a loan to the village society unless it agrees to collect the produce of the borrowers and hand it over to the neighbouring sale society, which should undertake to sell the produce and pay the loan of the District Bank. This is no new idea and it has been preached to societies for some years. As this idea was not taken up by societies, they find themselves now in the present difficulties. No loan should be given to a person unless he agrees to hand over his produce or a sufficient quantity of it to a sale society which should be authorised to deduct the amounts due to the village society and remit it to the District Bank direct. Wherever there is a Land Mortgage Bank working, it should also be linked in the chain. The Central Bank, the Land Mortgage Bank, the village society and the sale society should work in harmony and in one chain. The instalments due to the Land Mortgage Bank should also come out of the sale proceeds of the produce handled by the society. Owing to past sins and owing to the present depression, societies are not taking loans freely from the Central Banks, with the result that the working capital of the Central Banks is very rapidly decreasing. It is feared that in one or two districts the working capital has fallen so low that it is now difficult for them to meet the cost of the

establishment. With the abundance of money available in the movement, it is not desirable that the ryot should be denied the money he wants for his current needs. The loan should be given by Central Banks freely, but with better care and scrutiny. The present marketing conditions justify a reduction in the rate of interest charged on loans to societies.

Supervision of Societies.

" I wish to say a word in regard to supervision of societies. Everybody admits that the local supervising unions have not done their duty in the matter of supervision. Under normal conditions they were able to do their work satisfactorily. When borrowers of primary societies have been given loans recklessly and beyond their real repaying capacity, it is no wonder that mutual supervision is not effective. A co-operator is thus in a very difficult position and is reluctant to take action against a brother co-operator. For this reason the control and direction has now been transferred from the supervising union to the Central Bank. It is not possible for the Central Bank to do effective supervision without the co-operation and active help of the local people. For this reason supervising unions have not been abolished. They have been advised to accept the control and direction from the centre and to give their help the Central Bank in the present difficult situation."

The delegates were then welcomed by Rao Bahadur P.K. Kunhunni Menon, Chairman of the Reception Committee.

The following are extracts from his speech.

Early History.

" Although the first Co-operative Societies Act was enacted in 1904, no society was organised in this district till 1910 as the conditions obtaining in this district were very different from those of other districts in the Presidency. The chief obstacles were the peculiar system of land tenure and the Marumakkathayam law of inheritance which gave practically no partible interest to individuals in joint family property. Societies organised for such persons cannot have tangible financial strength and for this reason Central Banks hesitated to grant loans to societies formed in the district. After some time, however, it was thought that there would be no objection to grant small loans to agriculturists to meet their immediate cultivation and domestic requirements through Co-operative Societies, provided suitable persons were found for their careful management. The Central Bank at Coimbatore which had at the time a philanthropic gentleman in the person of the late Mr. C. N. Krishnaswami Iyer as its Secretary, came forward to help our societies with small loans and the first society was started here in 1910. A few more were registered in the subsequent years, all at the instance of a few generous hearted and philanthropic gentlemen. On the 30th June 1912 there were 10 societies with 723 members and a working capital of Rs. 15,562.

" The year 1917 found the birth of the Central Bank in Calicut and 3 Supervising Unions. Since then the movement grew rapidly for in the year 1921 there were 325 societies and 9 local Unions. The number of members rose to 32,019 and the working capital to Rs. 8,95,498. Till this time the societies worked under discipline and with precautions with which the organisation of societies was begun in the district. Good and efficient men were in the panchayat who took a keen interest in the working of societies. The supervision of societies was done by Government Inspectors at the time and overdues from societies were something unknown in those days. Some of us who were connected with the movement in those times still remember that Co-operative institutions were regarded as great boons in rural areas and the members were grateful to those who guided their destinies. There was a feeling of fellowship, irrespective of caste or creed, and good relations existed between the rich and the poor."

Moplah Rebellion.

" By about then disruptive circumstances began to occur. The unfortunate Moplah rebellion was a great shock to the Co-operative Movement and it dislocated co-operative work to a considerable extent. The records of some societies were destroyed and several society members were killed and many transported from the rebel area. About fifty societies were directly affected in this manner and some of the prominent landholders who took great interest in the movement began to feel uneasy about the risk of unlimited liability which they had undertaken and receded from the movement. Another circumstance which affected the working of the societies at the time was the agitation on the part of the tenants in the district for a permanent tenancy and this was also responsible for some estrangement of understanding between the rich and the poor.

" By this time societies had suffered great deterioration. The members of societies were not repaying the loans taken by them and the majority of societies had become defaulters to the financing bank. The panchayats of societies were not functioning well and in many societies they had appropriated a considerable portion of the societies' funds. Bad debts were on the increase and a number of societies were placed under liquidation by the Registrar.

Administrative Section.

" The District Federation ceased functioning early in 1931 and its work was then taken over by the District Bank. The overdues in agricultural societies were Rs. 8,78,795 out of a total demand of Rs. 13,55,689 by the end of 1930-31 and the overdues from societies to the Bank also assumed equal or even greater proportions. Till then the Bank had no staff of its own for collecting its dues, but the somewhat alarming state of affairs made it incumbent on the Bank to pay special attention to the collection of overdues. For this it was necessary to have an independent staff of its own. The Board of Management of the Bank accordingly appointed an executive staff of 6 Inspectors and created an Administrative Section for the Bank. The control of local Unions was also undertaken as already stated. Societies which required immediate attention were placed directly under the Bank Inspectors and the Supervision of the rest was carried on through the local Unions as before. The result of the work of the executive staff was so encouraging as to warrant the strengthening of the staff which now consists of 12 Inspectors. Even this number is not adequate to cope with the work.

" As a result of the experience gained so far it is found that in a large number of societies the panchayatdars are the worst defaulters and that they do not take any real steps to recover arrears. Their condition is such that a new panchayat cannot also be got. In order therefore to meet the situation thus created, agents have been appointed temporarily in place of the panchayats and this has been done by the members themselves in the majority of cases. To facilitate collection and the work of rectification in bad societies, Bank Inspectors have been made agents and such societies are now being looked after by them. In societies where the District Bank Inspectors are themselves the agents the collections are very much better, and it is the idea of the Bank to extend the system further until the overdues are considerably reduced.

"What has been stated above is a brief sketch of the co-operative work in the district and we have now to find out the cause of defects noticed in the system and how to remedy them. The following among other matters seem to demand our attention:—

(1) What was the cause of the deterioration? Whether it was due to want of proper organisation or deficient supervision or both?

(2) Whether the financing Bank can leave the supervision and enforcement of discipline in societies especially in the matter of the repayment of loans in the hands of the Unions which consist of representatives of borrowers exclusively, or whether the Bank should continue to maintain a staff for the purpose as it has done now?

(3) If the financing Bank carries on the work of supervising societies and collecting its dues in proper time what is to be the function of local Unions?"

Mr. G. K. Devadhar's presidential address was delivered extempore. The following report of his speech on the occasion is taken from "*The Champion*" of Calicut.

"The present decline of the movement in India was attributed to the economic depression, but the economic depression was a world-wide phenomenon. It was not prevalent in India alone and every country was suffering from it. He asked them to examine whether co-operation in other parts of the world had also suffered in the same way as it had suffered in India. In the different countries of the world, there were to-day 102 units of 7,66,000 co-operative institutions with a membership of about 17 crores of people. The movement had spread very rapidly in the East. In Japan, whose population was only about one-fifth of the total population of India, the number of members was two or three lakhs greater than in India. The number of co-operative institutions in India was 104,000 with a total membership of nearly 45 lakhs and a capital of about 50 crores. In America which had a population of only one-third of India, the number of co-operative institutions was greater by 50 per cent than in India and the number of members was one crore and 16 lakhs.

He had a conversation with Mr. Ramdas Pantulu, who had just returned from England, and he told him that the economic depression

had not affected the purity of the co-operative movement in the West. If economic depression was the cause for the decay of the movement in India, it should have affected the movement in the rest of the world as well. The real cause for the set-back of the movement in India had therefore to be sought elsewhere. People in other countries were better educated and had a better conception and grasp of the co-operative principles; whereas in India, the people were ignorant and were not accustomed to regular life. In the West, the people exercised discipline over their money transactions. They borrowed money for the production of wealth and spent less than 5 per cent for non-productive purposes. In India, people borrowed money without knowing how to repay it and utilised 75 per cent of it for non-productive purposes. Mr. Darling, who was enquiring into the question of indigenous banks in connection with the establishment of the Reserve Bank, told him that banks in Australia advanced money for 30 or 40 years as long term loans while deposits were for very short periods, 2 or 3 months. Money borrowed was repaid promptly and the banks knew that the money lent by them would come back within the stipulated period. In India it was the contrary. The people were not trained properly in money economy and did not fully and clearly understand how best to utilise their money. Unless the people were educated and taught habits of thrift and promptitude in the repayment of loans, it would be impossible to improve their condition. They should be made to understand the sacredness and sanctity of handling the money lent to them and the principles of co-operation.

"The president then compared the position of the movement in Malabar in 1922 when he presided over the First District Conference and said that some amount of progress had been made, though it was not satisfactory. There were only 325 societies in 1921, as against 611 at present. If steady and sustained efforts were made with unflinching faith in co-operation, he was confident that conditions would surely improve and the movement would be strengthened. Co-operation in his opinion was the only solution for the social and economic evils of the country and nobody had put forward any other scheme. As regards the depression in the cocoanut trade and industry, he said conditions might improve if cocoanut growers were a little more careful by adopting scientific methods of cultivation. The Imperial Council of Agricultural Research, after considering the report of the special officer, had at his instance appointed a committee to go into the whole question of cocoanut industry and he hoped that something substantial would come out of it. He next discussed the question of overdues and suggested measures such as the introduction of penal interest and an inquiry into the economic position of the borrower before the loan was granted. A great many people did not understand the difference between a co-operative society and a joint stock concern. During his tour in Travancore and Cochin, he found that one of the great impediments in the way of the co-operative movement was the existence of the large number of joint stock banks.

" In Cochin State, which was only one-third of Malabar, there were over 300 registered joint stock banks, in addition to a number of unregistered banks. Almost every alternate building in Trichur town was a bank. In the same building and in the same floor, he found a joint stock bank and a co-operative society, housed together. The person in charge of the joint stock bank was the secretary of the co-operative society. The man who wrote the bank accounts was also the accountant of the society. He had no quarrel with joint stock banks. When a man was in difficulties, he would go to a joint stock bank and borrow money easily by pledging his jewels at whatever interest the loan might be granted. Joint stock banks usually levied interest at the rate of 18 per cent., whereas the co-operative society collected at the most 12 per cent. The co-operative society which was probably composed of borrowers who were defaulters, would not lend him money more than that to which he was entitled. Co-operative institutions were not joint stock concerns. They came under the category of mutual aid.

" Discussing remedial measures, the president said that the first and foremost remedy for the improvement of the economic situation was to spread the co-operative movement and inculcate in the minds of the people co-operative principles and ideas. They must have at least one good, sound co-operative society in each village. The establishment of land mortgage banks would afford relief to the poor to a great extent. The presidency of Madras led the other provinces in the matter of establishing land mortgage banks. He next referred to the appointment of marketing officers and hoped that a marketing officer would be appointed for Malabar. The opening of non-credit societies depended on skilled men available for them. He made a special appeal to women to take greater interest in the co-operative movement. It was a surprise to

him to see that the women of Malabar, who were more educated and cultured than their sisters elsewhere, were not taking the interest that was expected of them in the movement. In Travancore there were 14 per cent. women members in co-operative institutions, in Cochin six or seven per cent., but in Malabar only one. If they wanted the movement to go ahead and show a very good advance, they must utilise all the available resources. They should enfranchise women who would form better members than men and with their usual influence would be helpful in purifying the movement. He advised the students also to start more co-operative stores. At present, there were only 22 students' stores in the district and about 80 in the whole province. If they wanted to spread the gospel of co-operation, they would begin with the students. What really mattered to Indians at present was not the constitution so much, but the well being and betterment of the conditions of more than 7 lakhs of villages. Concluding, the president made a fervent appeal for the strengthening of the co-operative movement."

RESOLUTIONS.

1. " Resolved that limited liability societies be registered in all important urban centres of the District and paid Secretaries be appointed to manage them."

2. " This conference approves the action of the District Bank in appointing District Bank Inspectors as agents of bad societies and urges that more of such bad societies be taken under the management of Bank Inspectors and the cost of such rectification be realised in full from those societies."

3. " This conference resolves to recommend to the Registrar that in primary credit societies secretaries or presidents may be allowed remuneration at a rate not exceeding one rupee per thousand of the working capital of the society, excluding the Reserve Fund deposited in the District Bank."

4. " Resolved that the Central Banks and other Co-operative Institutions be requested to render the necessary help to promote industries like envelope making, weaving etc., undertaken by the Calicut Cottage Industries Co-operative Society Ltd., and other industries societies in the District."

5. " This Conference resolves to request the Government to so change the Rules as to allow societies to utilise the excess of

Reserve Fund over 20 per cent of their maximum borrowing power for purposes of loan transaction."

6. "This Conference reiterates the request to the Government to open a Land Mortgage Bank in Malabar immediately and appoints the following delegates, with power to co-opt, to form a committee and to do the needful in the matter.

1. M. R. Ry. Rao Bahadur P. K. Kunhunni Menon.
2. " M. M. Kunhiram Menon.
3. " P. S. Nambiar.
4. " V. Govindan.
5. " M. C. U. Raja."

7. "Resolved that the District Board, the P. W. D. and other public bodies be requested to give contracts and every encouragement to the Labourers' Co-operative Societies in the District like the Uralangal Labourers' Co-operative Societies."

8. "This Conference draws the attention of the primary societies and Central Banks to the Circular issued by the Registrar of Co-operative Societies, Madras, in regard to the reduction of the rate of interest by the Bank to societies and by the societies to the members and urges that action be taken on it."

9. "Resolved that the District Bank be requested to arrange for a conference of its directors and those of the unions to improve the condition of bad unions."

10. "This Conference is of opinion that in unlimited liability societies no division of profit should be allowed until the owned capital of the societies (the share capital collected and Reserve Fund invested in the Central Bank) bears a definite proportion to their borrowings, namely 20 per cent."

THE GANJAM DISTRICT CO-OPERATIVE CONFERENCE.

The Second Ganjam District Co-operative Conference was held at Ichapur on the 3rd and 4th November last. It was opened by Mr. V. V. Jogayya Pantulu, President of the District Bank, Berhampore, and presided over by Mr. W. V. V. B. Ramalingam Pantulu, B.A.L.T., while Mr. P. Syama Sundara Rao, Vice-President of the District Bank, welcomed the delegates as Chairman of the Reception Committee. By a happy coincidence the International Co-operators' Day fell on the first day of the Conference and a special address to

mark the occasion was delivered by M.R.Ry. Rao Sahib M. V. Appa Rao Pantulu Garu, Retired Assistant Registrar of Co-operative Societies. During the two days of the Conference the Agricultural Department arranged for a demonstration and exhibition of agricultural implements, different kinds of paddy and of sugar cane.

In a short speech Mr. Jogayya Pantulu referred to the loss which the co-operative movement in the district had sustained in the death of Rao Sahib Ramalingam Pantulu whom he described as a man of commanding personality and untiring energy. He felt that Government had not made adequate provision for co-operative education and training and opined that the number of training institutes should be increased. He then referred to the deterioration that had occurred in the condition of societies resulting in large overdues, in the liquidation of numberless societies, in prosecutions for misappropriations etc., and appealed to the members of societies to remove these defects.

In the course of an informing address the Chairman of the Reception Committee observed that the first Co-operative Conference of the district was held prior to 1920 and, if the second conference was being held after an interval of about fifteen years, it was due to there being no particular organisation for convening the conference. He suggested the appointment of a Standing Committee whose duty it should be to convene a conference at least once in two years. He reviewed briefly the history of the movement in the district, referred to the formation of Central Banks at Aska, Parlakimidi and Berhampore, the subsequent amalgamation of the latter two, the formation of the local unions and of the Federation, to the suspension of the latter in 1930 and its liquidation in 1932, to the Central Banks taking over its functions and to the constitution of Circles each being represented by a Director on the Board of Management of the Central Bank in the place of the unions of Ichapur, Takkali and Amudalavalasa which had to be liquidated. As the present distribution of societies among the seven unions and three circles was uneven and haphazard, be suggested their reorganisation into 5 unions with about 60 societies and two supervisors for each.

On the question of overdues he said:

"We are aware of the fact that overdues in the societies are swelling up by leaps and bounds. Experts in Co-operation are trying to find a way out. Some attribute the increase of overdues to want of proper supervision of societies and go on prescribing forms and reports to collect statistics and are dinning into our ears the necessity for employing additional men for collecting the required information. They are in a way right. The real causes in my opinion appear to be those that arise out of our neglect to adhere to the essential principles laid down by the Maclagan Committee. The Committee stated that in the formation of a society the most essential requisite should be a careful selection of honest men as members. It further laid down that if Co-operation is to be real and not a sham, every member of a society should have a knowledge of the principles of Co-operation. The members of our societies do not seem to have understood the real significance of the Co operative Movement. They look upon a Co-operative Society as a mere money lending institution and approach it with no other and higher ideals. The office-bearers in turn lend to them caring only for the security behind the loan. The repaying capacity is not generally considered. They do not properly understand the consequences of their action in admitting persons of solvency but with no repaying capacity. We are to-day facing a situation peculiar in itself. Though there are surplus funds in the Central Banks the primary societies are starving for want of money on account of heavy overdues from their members. The other cause for the growth of overdues is that loans are not given exclusively for productive purposes or for necessaries such as essentials for daily life. The office-bearers would have also exercised a vigilant watch that the money is expended on the purpose for which the loan is granted. If these principles are strictly followed there would be no question of overdues and no cause for alarm, in the Co-operative Movement."

He then expressed dissatisfaction at the mechanical nature of the audit by Inspectors, urged the Government to restore the exemption of stamp and registration fees, especially in view of the present condition of societies, acknowledged that arbitration was carried on rapidly, though the execution of decrees was inordinately delayed and unsatisfactorily done, congratulated the Central Land Mortgage Bank on extending its activities, pleaded for more co-operative education and propaganda and urged the Government to form debt conciliation boards to rescue the ryots from their indebtedness. Finally, he appealed to his fellow co-operators to maintain a proper standard of character and to create a moral admosphere that was requisite for the success of this movement.

Mr. Ramalingam Pantulu's address covered a wide field much of which was beyond the scope of the conference and was also of a controversial character. In the concluding portion he suggested that the best method of solving the problem of overdues was not to get frenzied but to remain cool and realise the arrears by appealing to the sense of honour of the debtors. No doubt it was a tedious process. It was bound to take time. But the authorities must realise that frenzy would not help them. The recovery must be made steadily. There was a danger of drastic steps destroying the private credit of the debtors. He was against the policy of writing off debts which must be resorted to only as a last recourse. If it was adopted as a general rule it would encourge the accumulation of arrears. The department which until recently was recommending loans was responsible for overdues to a certain extent and it must therefore give a helping hand to their recovery. He was glad that the Berhampore Central Bank was exercising direct control over the societies. But he would prefer the revival of the old system of circle representatives as intermediaries between the societies and the Central Banks. There was much scope for the expansion of co-operation in this direct. At present there were only 35,000 members out of a population of about 18 lakhs. The process of consolidation should go on together with expansion. He finally appealed for co-operative education among the masses, so that it might encourge ideas of thrift and honesty among them.

Government Orders.

LAND MORTGAGE BANK DEBENTURES.

The Madras Government have issued the following order :—

In notification No. 372, published at page 1842 of Part I of the " Fort St. George Gazette," dated 9th December 1930, the Government notified that they had undertaken to guarantee interest not exceeding 6 per cent per annum on debentures issued by the Madras Co-operative Central Land Mortgage Bank to an extent of Rs. 50 lakhs during the first five years of its existence until they are paid off or redeemed by the bank. Subsequently in their notification No. 116, dated 1st April 1931, published at pages 499—500 of Part I of the " Fort St. George Gazette," dated 7th April 1931, the Government undertook to guarantee a maximum interest of $6\frac{1}{2}$ per cent on debentures issued by the bank up to an extent of Rs. 30 lakhs out of the total of Rs. 50 lakhs covered by the previous notification, issued during a period of three years from 1st April 1931 to 31st March 1934. On 31st July 1934, the Madras Co-operative Land Mortgage Banks Act, 1934, came into force. Under section 7 of the Act, the Local Government may guarantee the principal of, and the interest on, any debentures issued before the commencement of the Act subject to such conditions as they may think fit to impose. Under this section, the Government are now pleased to give full and unconditional guarantee of both the principal of, and the interest on, the three series of debentures mentioned in the schedule below which have been issued by the Board of Directors of the Central Land Mortgage Bank prior to 31st July 1934 :—

VI series, 1933 and 1934, rate at which issued 5 per cent. 20 years, value of debentures in circulation Rs. 7,65,200.

VII series, 1934, rate at which issued 5 per cent, 20 years, value of debentures in circulation Rs. 7,50,200.

VIII series, 1934, rate at which issued 4 per cent, 20 years, value of debentures in circulation Rs. 8,93,500.

RURAL INDEBTEDNESS IN MADRAS ENQUIRY ORDERED.

The following is the text of the order issued by the Madras Government announcing the appointment of a Special Officer to investigate the indebtedness of agriculturists :

In paragraph 86 of its report, the Indian Central Banking Enquiry Committee has observed as follows :—

" Among the causes responsible for the low standard of living of the agriculturists and the continued impoverishment of this class, even in area

which are blessed with good seasons and normal crops, indebtedness must be given a high place. Rural credit, broadly speaking, falls into two categories, the current debt incurred annually with the intention of repayment after the harvest, and the standing or prior debt. As a matter of fact owing to the high, and not infrequently usurious, rate of interest, which has generally to be paid on the current debt, and various other causes, the whole of it cannot often be repaid after the harvest, and the consequence is that the portion outstanding adds to the standing debt. . ."

The Committee has made the following recommendation in paragraph 91 of the report :—

" We consider it to be a matter of supreme importance from the point of view of the economic prosperity of the country, as well as for the purpose of stemming the growth of discontent among a large section of the population, that a serious effort should be made to find a remedy for the chronic indebtedness of the agriculturist, so far as it relates to his unproductive debt. We recognise that the problem does not admit of any easy solution ; and that even the provision of cheap and abundant credit will not solve it at a stroke and will not be of tangible benefit if the borrower does not understand the economic value of the credit and does not exercise prudence and judgment in its use. In our opinion the most effective remedy will be found in the pursuit by the Local Governments of a vigorous policy of debt conciliation on a voluntary basis . . ."

2. According to the Madras Provincial Banking Enquiry Committee, the total indebtedness in this Presidency amounted to 1930 to 150 crores of rupees, the bulk of it being agricultural. The Government have had under consideration the question what steps should be taken to remedy the state of chronic indebtedness of the agriculturists. Whether a scheme of debt conciliation will be the proper method of relieving agricultural indebtedness or whether resort should be had to other measures, such as the extension of the facilities now afforded by the Co-operative Credit organisations, particularly land mortgage banks, is a matter that requires careful and thorough investigation.

3. Rao Bahadur T. A. Ramalingam Chettiar, M. L. C., has introduced in the Legislative Council, a Debt Conciliation Bill, the main features of which are explained in the Statement of Objects and Reasons appended to the Bill. In brief, the Bill aims at the establishment in each district or part of a district of a Debt Conciliation Board to effect a settlement between the creditor and the debtor and to provide for the recovery, as an arrear of land revenue, of the amount settled by the Board as due to the creditor in default of the payment of the amount.

4. The Government have carefully examined the Bill, but they are unable to agree, without more definite data than are at present available to them, that legislation among at debt conciliation is the proper or the only

remedy. An important objection to such legislation is that it would affect the sanctity of contract and might tend to discourage legitimate credit transactions and so dry up the sources of credit, thus proving a hardship to the very classes whom the proposed legislation is intended to benefit. It may also be urged that creditors require protection no less than debtors and that to give relief in the matter of debts to the agricultural classes alone and not to other classes would not be just.

Further, the conditions in this Presidency are widely different from those in other Provinces, for example the Central Provinces where the debtors are more at the mercy of unscrupulous creditors than here, and, in the absence of any indications of a strong public demand for legislation, the Government are averse to introducing, or according support to, legislation aiming at an interference with private contracts and the ousting of the jurisdiction of civil courts. At the same time, they realize that the problem of agricultural indebtedness is one that calls for a remedy and are prepared to devise or support practical measures which are calculated to solve it satisfactorily.

Terms of Reference.

They have therefore, decided to appoint a Special Officer who will enquire into and report on the following points and on any others which he may consider necessary in the course of his investigation :—

(1) To what extent indebtedness prevails among agriculturists ;

(2) how the present depression in value of land and the fall in prices have affected the position of the agriculturists ;

(3) how far compulsory recovery of debts through courts has affected the position of agriculturists who have incurred debts ;

(4) what facilities are now afforded by Land Mortgage Banks and Co-operative Societies to agriculturists ;

(5) whether conciliation in the matter of discharge of debts is now being resorted to and, if so, to what extent ;

(6) to what extent property has been mortgaged by agriculturists as security for debts and now much land has changed hands during the last four years ; and how much thereof went to non-cultivating classes ;

(7) whether legislation on the lines of the Debt Conciliation Bill for the establishment of Conciliation Boards is really necessary for the relief of agriculturists and whether there is any demand for such legislation by them ; and, if so, whether the scope of legislation should be limited only to debts on land or should include all debts of agriculturists ;

(8) whether such legislation is likely to curtail the facilities that now exist for borrowing ; and

(9) whether in case legislation is considered unnecessary, there is any other possibility of affording relief to agriculturist debtors.

Mr. W. R. S. Sathianathan I. C. S., is appointed as Special Officer for the enquiry. He will work under the Board of Revenue (Land Revenue and Settlement). He will, in addition to his regular pay in the I. C. S. scale, draw house allowance in accordance with rule 13 of the rules in class IV of Part I of the Madras Manual of Special Pay and Allowances. He will be given the services of the undermentioned clerical and menial staff :—

(1) One clerk on Rs. 30—3/2—45—2/2—55 per mensem plus Rs. 6-8-0 Presidency allowance.

(2) One steno-typist on Rs. 30—3/2—45—2/2—55 with special pay for shorthand plus Rs. 6-8-0 Presidency allowance.

(3) Two peons on Rs. 12—17 per mensem each, with a Presidency allowance of Rs. 2-8-0 per mensem.

The Special Officer's term of office will be for a period of six months from the date of his taking charge, and he will tour throughout the Presidency with the necessary staff for the purpose of collecting evidence. He may issue a questionnaire on the points mentioned in paragraph 4 above and any others which may arise in the course of his investigation. The Special Officer and his staff will draw Travelling Allowance and daily allowance admissible under the Madras Travelling Allowance Rules.

5. All Collectors, the Inspector-General of Registration and the Registrar of Co operative Societies are requested to give the Special Officer the necessary facilities in connection with the investigation.

7. The Special Officer's report should be submitted to Government, through the Board of Revenue which will forward it with its recommendations. The Board of Revenue is requested to submit in due course proposals for reappropriation of funds if the cost on account of the Special Officer and his staff cannot be met from the existing appropriation under "22. General Administration—k. Board of Revenue."

CO-OPERATION IN THE LEGISLATIVE COUNCIL.

Amendment of the Madras Co-operative Societies Act.

The following Bill was introduced by the Hon'ble Mr. P T. Rajan, Development Minister in the Local Legislative Council on 26-10-34.

BILL NO. 20 OF 1934.

A Bill further to amend the Madras Co-operative Societies Act, 1932, for certain purposes.

Madras Act VI of 1932.

Whereas it is expedient further to amend the Madras Co-operative Societies Act, 1932, for the purposes hereinafter appearing;

And Whereas the previous sanction of the Governor-General has been obtained to the passing of this Act;

It is hereby enacted as follows :—

Short title.

1. This Act may be called the Madras Co-operative Societies (Second Amendment) Act, 1934.

Repeal of section 28, Madras Act VI of 1932.

2. Section 28 of the Madras Co-operative Societies Act, 1932 (hereinafter referred to as the said Act), shall be omitted.

Insertion of new section 57-A in Madras Act VI of 1932.

3. After section 57 of the said Act, the following section shall be inserted, namely :—

Power of Registrar to recover certain sums by attachment or sale of property.

"57-A. The Registrar or any person subordinate to him empowered by the Registrar in this behalf may, subject to such rules as may be prescribed by the Local Government and without prejudice to any other mode of recovery provided by or under this Act, recover—

(*a*) any amount due under a decree or order of a civil court, a decision or an award of the Registrar or arbitrator or an order of the Registrar, obtained by a registered society or liquidator; or

(*b*) any sum awarded by way of costs under section 41; or

(*c*) any sum ordered under section 47 to be recovered as a contribution to the assets of a society or as costs of liquidation; or

(*d*) any sum ordered under section 49 to be repaid to a society or recovered as a contribution to its assets

together with the interest, if any, due on such amount or sum and the costs of process, by the attachment and sale of the property of the person against whom such decree, decision, award or order has been obtained or passed.

Amendment of section 65, Madras Act VI of 1932.

4. In clause (*ee*) of sub-section (2) of section 65 of the said Act, for the word and figures "section 28," the word, figures and letter "section 57-A" shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

Section 28 of the Co-operative Societies Act, 1932, as it stands at present, applies to the execution of decrees, decisions, awards and orders obtained by a registered society. The section does not in terms apply to the case of decrees, etc., obtained by a liquidator on the dissolution of a registered society or to the recovery of the sums awarded or ordered to be paid in pursuance of sections 41, 47 and 49. It is considered desirable to amplify the section so as to make it applicable to these cases also. In view of the amplification proposed, it would be inappropriate to retain the section under the heading "Privileges of Registered Societies" under which it now stands. It is accordingly proposed to place the section as amplified under the heading "Miscellaneous."

In introducing the Bill, the Hon'ble Mr. P. T. Rajan made the following speech.

"I beg to introduce the Bill further to amend the Madras Co-operative Societies Act, 1932 (Bill No. 20 of 1934), and move that the Bill be taken into consideration at once. In so moving I wish to state that the amending Bill deals only with one section. The proposal is to repeal section 28 in the Act. That section deals with the powers of the Registrar to recover certain sums by attachment and sale of property. In its place it is proposed to insert a new section which would contain the provisions of present section 28 and also include a few new items. Section 28 is intended to recover money under arbitrator's decree under section 51 or under contribution order passed by the liquidator under section 47.

"The two new items are as follows: sums which may be awarded by way of cost under section 41 and sums which may be ordered under section 49 to be paid. When the Registrar passes orders under these two sections, the amounts have been hitherto collected by the Revenue department. At the Conference of Collectors held in May last it was pointed out to the Government, as the unanimous opinion of the Collectors assembled there, that the Revenue department could not collect those dues hereafter. It was then proposed that the Co-operative deparment itself should collect these sums. In pursuance of that proposal this amending Bill has been brought before the House. In this connexion I should like to point out that the insertion of a clause which goes under section 47 is meant more to clear the situation and make the intention of the legislature clear than for any other purpose.

"I find from the paper that my hon. Friend Mr. Basheer Ahmed intends making a motion to refer this Bill to a select committee. I may point out to him that by referring this Bill to a select committee the work of the department would be dislocated. As I said, the Revenue department which has been collecting the arrears till now, will not do so hereafter and it will not be possible for the Co-operative department to collect them if the Act is not amended in the way proposed. In these circumstances I request the House to pass the Bill at this sitting itself."

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" I second it."

Mr. Basheer Ahmed Sayeed, in moving that the Bill be referred to a select committee said that the Co-operative Movement in this presidency had not so far attained its object that the Act was elaborately amended only two years ago and yet frequent minor amendments were being made thereafter without achieving any satisfactory result and that the present Bill would affect a very drastic change in the dispensation of justice between parties and parties. He said further, "Even under the existing Act the arbitrators and liquidators are themselves the court and also the complainants and no one need represent the defendants, because, by a special notification in the gazette, even advocates are excluded from appearing before them when they are supposed to be exercising judicial functions. Although the courts have repeatedly held that the arbitrators are judicial tribunals, still the notification stands and the advocates are not allowed to appear before them. What I am submitting is that these liquidators are discharging their functions in a most slip-shod and perfunctory manner. They start winding up proceedings without calling upon the concerned men to be present and with hardly any enquiry."

He went on to say that, if the executive officers of the Revenue Department were unwilling to execute the decrees of the Co-operative Department he would rather constitute different courts altogether for the purpose than make a single officer the complainant, the court and the executor.

Mr. U. C. Subrahmanya Bhatt : –" I second the motion."

The Hon. Mr. P. T. Rajan : –" Sir, it is rather unfortunate that Mr. Basheer Ahmed was not here when I made my introductory remarks giving reasons why this Bill should be passed urgently. My hon. Friend made a tirade against the movement and said that very soon the movement might disappear. There is not the slightest reason for change in the method of awarding orders either by the Registrar or steadying influence and that there is need for help and guidance chiefly from non-officioal Co-operators more than anything else. Apart from that, the point here is that the Government do not contemplate any change in the method of awarding orders either by the registrar or other competent persons. It is proposed only to change the agency for collection or execution of the decrees. It is open to any one who has got a decree to get it executed through the civil court or the revenue court or the department. As I pointed out in my introductory remarks, as far as the two sections are concerned, the sums ordered to be awarded under them could be collected only through the agency of the Reveuue Department and that department has pointed out that they are not in a position to do so. Now, if they are not going to do this work and if the Act does not depute somebody else to do the work, there will be dislocation of work and the collections due could not be made. This Bill is intended only to provide another agency for this work. It does not in any way affect the right of Co-operators or decree-holders to seek a remedy in a civil or revenue court. As I said, all that it seeks to do is to provide the Co-operative department with powers to collect the moneys when the Revenue department is not in a

position to do so. I do hope that this explanation will be sufficient to the House and that the House would be good enough : to allow my motion to go forward."

The motion was put and lost.

The motion that the Bill be taken into consideration was put and carried.

Clauses 1 and 2 were put and carried.

Clause 3.

New section 57-A.

The Hon. Mr. P. T. Rajan: —Mr. President, I move—

'In clause (b), after the words and figures "under section 41" insert the words " to a registered society or to the Government." '

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" I second it".

The amendment was put and carried.

Rao Bahadur T. A. Ramalingam Chettiar :—" Mr. President, Sir, I move.—

'In clause 3, after the words " registered society" wherever they occur, insert the words " including a financing-bank".'

Mr. K. R. Venkatarama Ayyar :—" I second it."

The Hon. Mr. P. T. Rajan :—" Mr. President, I accept the amendment in that it only proposes to make a distinction between a registered society and a financing bank."

The amendment was put and carried. Clause 3 as amended, and clause 4 were put and carried.

The preamble was put and adopted.

The Hon. Mr. P. T. Rajan moved that the Bill be passed into law. Mr. R. Madanagopal Nayudu seconded the motion.

The motion was carried and the Bill passed into Law.

QUESTIONS AND ANSWERS.

(23-10-1934).

Employment of Agricultural Graduates in the Agricultural and the Co-operative Departments.

209 A.—Mr. A. B. Shetty : Will the Hon. the Minister for Public Works be pleased to state :—

(*a*) what number of agricultural graduates have come out of the College at Coimbatore during each of the last three years;

(*b*) how many of these have been employed by the Government in the Agricultural Department ; and

(*c*) how many in the Co-operative Department or other departments?

A.—(*a*) 54, 48 and 40 agricultural graduates have passed out of the College at Coimbatore during 1932, 1933 and 1934, respectively.

(*b*) A statement showing the number of these graduates employed by Government in the Agricultural department is appended. (Given below—*Editor*).

Year.	Upper subordinates.	Fieldmen.	Village investigators.	Remarks.
1932	5	5	9	Besides these, 11 B Sc. agricultural graduates of 1932 were appointed as village investigators of whom 7 resigned, 3 declined the offer and there was no response to the offer from one.
1933	11	...	6	
1934	...	...	2	

(*c*) No agricultural graduate was employed in the Co-operative department. One agricultural graduate has been appointed as a demonstrator in the Government Victoria College, Palghat.

Mr. A. B. Shetty :—" May I ask whether the Government are aware how many agricultural graduates there are to-day who are unemployed ? "

The Hon. Mr. P. T. Rajan :—" I am afraid I cannot give the information off-hand."

Mr. A. Ranganatha Mudaliyar :—" Is there any objection to their being appointed in the Co-operative department ? "

The Hon. Mr. P. T. Rajan :—" Recently, instructions are being given on subjects connected with the co-operative movement and when those students are fit, they can be appointed."

Mr. A. B. Shetty :—" Is the Hon. Minister aware that the Agricultural Commission has recommended that an Agricultural degree should be treated as equal to a Science or Arts degree and that they should be given employment in the Revenue and Co-operative departments ? "

The Hon. Mr. P. T. Rajan :—" If it is so, it is for the Services Commission to take up the question."

Mr. G. R. Premayya :—" Is there any other department besides the Co-operative department where these people can be appointed ? "

The Hon. Mr. P. T. Rajan :—" Just now, I gave him the information."

Mr. V. T. Arasu :—" Will the Government be pleased to draw the attention of the Services Commission that an agricultural degree is equal to an art and science degree ? "

The Hon. P. T. Rajan :—" As I said, if the Services Commission considered that these graduates are qualified and suitable for the job, they will be recruited."

Mr. M. S. Sreshta :—" Cannot the Government give an instruction to the Commission ? "

The Hon. Mr. P. T. Rajan :—" I do not think there is any necessity to do so."

QUESTIONS AND ANSWERS.

(22-10-1234).

Confirmation of Senior Inspectors of Co-operative Societies.

195 Q.—Mr. M. B. Rangaswami Reddi : Will the Hon. the Minister for Public Works be pleased to state :—

(*a*) whether there is a Government Order passed in the Development Department in the year 1924 to the effect that the Senior Inspectors will not be confirmed in their appointments unless they pass certain prescribed tests ;

(*b*) what the subsequent orders passed on the subject are ;

(*c*) how many Senior Inspectors were confirmed in their appointments since the date of the Government Order up to date ;

(*d*) whether all these confirmations have been made in accordance with the Government Order referred to in clause (*a*) ;

(*e*) how many Senior Inspectors were confirmed even without passing the prescribed tests ; what their names are and the period of their service as Senior Inspectors when they were confirmed ; and

(*f*) how many Senior Inspectors were not confirmed for the reason that they did not pass the tests ; what their names and the period of their service as Senior Inspectors are ?

A.—(*a*) The Book-keeping test in the Higher Grade, was prescribed in 1924 for senior inspectors. It was then ordered that those senior inspectors who had not already passed the test should be called upon to appear for it, and that the case of any member of the staff who failed to pass after two attempts should be reported for the orders of Government.

(*b*) With reference to the orders mentioned in the answer to clause (*a*), the Registrar furnished in June 1927 a list of senior inspectors who had not passed the test and recommended that they might be allowed time till April 1928 to pass the test. The Government accepted the Registrar's recommendation. Subsequently in April 1928 the Registrar proposed that those senior inspectors who were more than 45 years of age might be exempted from passing the test. The Government declined to approve the proposal but granted the inspectors time till December 1929 to pass the test. The Registrar was at the same time informed that, in exceptional cases, he might permit them, in lieu of passing the test, to undergo a course of training in Book-keeping in some recognized institute and that he should himself hold an examination at the end of the course and satisfy himself that the candidates had acquired a fairly good knowledge of the subject. In March 1928 the Government prescribed three more tests in addition to the Book-keeping test, *viz.*, Banking (Higher Grade), Co-operation and Auditing (First class) for senior inspectors appointed from and after 28th March 1928. The Government then directed that preference should be given to those who had passed the above tests and that candidates without these qualifications if appointed, would be required to pass the examinations within two years of their appointment and would not be confirmed till they had passed the tests. In February 1930, the Registrar brought to notice that, since the issue of the orders prescribing the test in 1924, 41 senior inspectors who had not passed the Book-keeping test had been confirmed. He requested Government to ratify their confirmation. The number of senior inspectors then in service who had to pass the test was 35. The Government ratified the confirmation of all these 35 officers. It was laid down that senior inspectors should generally pass the test and that, in exceptional cases, they should be asked to undergo a course of training in Book-keeping in some recognized institute in order that they might acquire sufficient knowledge of the subject; and that their increments should be stopped till they passed the test or completed the special course of training. The higher qualifications prescribed for senior inspectors have been abolished with effect from 15th March 1932 and no qualifications other than those prescribed for junior inspectors are now necessary for senior inspectors.

(*c*) Sixty-two officers were from time to time confirmed as senior inspectors substantively and 38 provisionally.

(*d*) Forty-one men confirmed before 1930 had not passed the necessary test at the time of confirmation *vide* answer to clause (*b*). All subsequent confirmations were made in accordance with the Government orders on the subject.

(*e*) & (*f*) The information is given in the two appended statements respectively. (*Lists omitted—Ed.*)

REVIEW OF

THE PRESIDENCY RECTIFICATION SCHEME FOR THE MONTH OF AUGUST 1934.

PROGRESS OF RECTIFICATION.

The progress which is being made in the various districts under the scheme of rectification revised and put into force by Dewan Bahadur K. Deivasikhamani Mudaliar, when he was the Officiating Registrar of Co-operative Societies, will be seen from the statement published on the next page. It shows the state of things as at the end of August last. We hope to publish similar statements from time to time.

REVIEW ON THE PRESIDENCY RECTIFICATION SCHEME FOR THE MONTH OF AUGUST 1934.

S. No.	Name of the Bank.	Date of introduction of the Scheme.	No. of Societies tackled.	Total amount of loans including interest in the societies.	Of the sum mentioned in col. 5, amount that stands on adequate security.	Of the sum in col. 5, amount on inadequate security.	Addl. Securities taken during rectification.	Amount still ill-secured.	The amount which will affect Central Bank.	Amount of loans collected during rectification.	Bad and doubtful debts estimated.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Ananthapur	4-2-34	154	6,68,218	5,61,692	11,526	...	1,06,328	...	198	50,733
2	Vellore	...	36	1,92.385	81,423	1,10,962	12,113	98,849	...	...	8,153
3	S. Arcot.	1-2-34	73	1,81,725	10,3,343	78,381	21,446	56,935	3,758	3,364	27,609
4	Hospet	27-2-34	70	4,11,989	1,75,348	2,36,641	18,008	21,833	19,132	8,016	77,858
5	Conjeevaram	1-9-33	270	12,67,525	9,41,192	3,26,333	89,820	2,36,513	22,973	12,849	1,38,528
6	Chittore	20-3-34	67	20,8,777	1,41,559	43,432	725	42,717	...	17,994	23,776
7	Ganjam	20-4-34	13	88,431	54,427	17,465	5,472	12,286	...	9,842	4,234
8	Aska	23-4-34	28	58,186	11,256	46,930	4,582	42,348	3,339	5,198	11,151
9	Coconada	15-12-33	121	5,71,550	2,84,706	2,86,844	5,527	2,86,844	56,692	86,858	17,6963
10	Ramachandrapuram ...	3-4 34	35	89,770	67,865	21,905	1,338	20,567	798	...	21,905
11	W. Godavari	1-4-34	98	5,39,928	1,35,576	76,250	8,244	52,888	2,580	...	15,118
12	Guntur	16-1-34	115	8,27,517	3,58,650	4,68,867	89,620	3,25,577	18,272	1,21,176	1,26,454
13	S. Canara	16-4-34	32	65,683	34,085	31,598	53,671	31,532	779	129	12,087
14	Kistna	16-6-34	10	63,751	11,408	52,343	6,272	45,871	...	...	19,944
15	Viziavada	13-8-34	7	9,934	7,004	2,930	144	2,786	667	281	1,928
16	Nellore	1-12-33	59	2,87,362	1,55,226	1,32,136	13,427	1,17,919	16,397	1,073	30,103
17	Srivilliputtur	1-11-33	140	5,65.987	4,42,672	1,23,315	10,733	1,12,582	22,058	1,08,240	70,919
18	Salem	1-8-34	2	7,873	2,273	5,600	...	5,600	2,893	...	4,455
19	Kumbakonam	1-5-34	125	5,57,168	4,58,623	98,545	12,112	86,433	768	55,923	18,992
20	Tanjore	26-8-34	3	22,707	17,448	5,259	...	5,259	...	...	1,541
21	Tinnevelly	26-3-34	19	14,117	10,502	3,615	23 935	2,657	110	2,230	2,345
22	Trichinopoly	16-4-34	28	1,41,212	1,03,242	37,970	3,210	34,760	1,438	447	17.083
23	Kurnool	16-4-34	7	47,220	32,484	14,736	...	14,736	...	8,481	2,439

NEWS AND NOTES

The Australian Government, at a meeting of the Commonwealth and State Ministers held recently, decided to give loans to the farmers to the extent of £. 12,000,000 free of interest to enable them to compound their debts, and the loans are expected to be advanced within three years.

* * *

Mr. C. Mathai, Retired Director of Public Instruction, Cochin, presiding over the VII Annual Conference of Teachers in Industrial Schools held at Trichur, observed that the co-operative movement in Western countries had been largely responsible for the development of village industries on a basis of self-help, and that the movement in India, being still in its infancy, was not able to contribute much to the development of rural industries. He pointed out that it was the duty of the teachers, who were intimately connected with the management of the co-operative societies in the State, to enlarge the scope of usefulness of these societies by vigorous propaganda in rural areas by laying special emphasis on co-operative purchase and marketing of agricultural products.

* * *

Some of the leading landlords of Travancore have submitted to His Highness the Maharaja and to the Dewan, a memorandum containing a scheme for the relief of rural indebtedness. The memorandum recommends, (1) that a Debt Concilisation Board should be constituted whose main function it should be to settle and register the debt claims of any particular area according to the principles of justice and equity, and to issue debt certificates to the creditors; (2) that in the case of secured debts the Government should issue bonds to debt certificate holders, which may be negotiated by the Land Mortgage Bank and the Government should recover the bond amounts from the respective debtors in not less than 25 annual instalments; and (3) that the Government should penalise the realisation of interest at more than 4% for a fixed period.

* * *

Speaking at Mysore under the auspices of the Mysore Co-operative Federal Union, Mr. V. Ramadas Pantulu pointed out that in England the Co-operative movement had considerably grown during the depression. There was a large recruitment of membership and the loyalty of members also had grown. Efforts were being made to supply co-operatively a wider range of articles than before and the total turnover had much increased. The result of the depression in our country is very different. Lendings and borrowings have decreased, idle money is lying in the banks, and even in our store societies no increase in membership or turnover is visible. This is perhaps due to the fact that our store societies have no productive departments and that few stores are in a position to give an appreciable dividend or bonus to their members on their sales.

* * *

In a speech recently delivered at Cochin Mr. Devadhar quoted Gladstone as having described co-operation as a 'man-making movement.' It is perhaps the aptest and the most concise description of co-operation. It is true that a co-operative society is an association for economic benefit but it is based on honesty, equity and fellow-feeling

and, therefore, the success of a society is to be judged directly by the degree in which its members are better *as men* for having joined it. That is what has attracted earnest spirits to its fold as workers.

* * *

The Bihar and Orissa Co-operative Federation Congress met at Chapra on the 17th and 18th of December 1934 with Rao Bahadur N. K. Kelkar, Ex-Minister of the Central Provinces as President.

* * *

Krishnappa, a clerk of the Tumkur Co-operative Society in Mysore State, was charged with forging the signature of a dead man, another clerk by name Govindappa for altering the entries in the account-books and the Secretary, Mr. S. R. Setlur, an advocate, for abetting the commission of the offences by the first two accused. They were tried by Mr. N. K. Srinivasa Rao, Sessions Judge, who in the course of his judgment observed, "All these circumstances show that all the accused were working in harmony with each other and that the evidence is too strong to suppose that there was any accident or mistake or that any fraud was practised by the first two accused on the third accused. The documentary evidence shows, as it ought to show normally, that the whole thing was done with the knowledge and consent of the Secretary, and therefore I find all the three accused guilty." The first two accused were sentenced to 3 and 6 months imprisonment respectively and the Secretary to 2 years rigorous imprisonment. The Sessions Judge expressed his appreciation of the service rendered by Mr. Chinnaswamy, Inspector of Co-operative Societies for "unearthing the fraud and in furnishing ready references whenever called for, out of a cartload of books" and by Mr. D. Rama Rao, Police Inspector, "for having recovered the account books which had been thrown into three different wells."

* * *

A drama on co-operation was staged after the Malabar Co-operative Conference was concluded, the actors being Mr. V. R. Nayanar of the Devadhar Malabar Reconstruction Trust and the officials of the District Co-operative Bank. There was also an exhibition of articles produced by the various co-operative institutions in the district.

* * *

Mr. N. Satyanarayana, Superintendent of the Alamuru Rural Reconstruction Centre in East Godavari District and Joint Secretary of the Madras Provincial Co-operative Union, saw Mahatma Gandhi in November last at Wardha with a note of introduction from Mr. Ramadas Pantulu. Mahatmaji evinced very keen interest in the programme of Alamuru and the results achieved there. He had long talks with Mr. Satyanarayana on three successive days and also attended the magic lantern lecture delivered by Mr. Satyanarayana on the subject. The other sets of co-operative slides prepared by the Provincial Co-operative Union were shown by Mr. Satyanarayana to the inmates of the Ashram at Wardha including Mira Ben, Seth Jamnalal Bajaj, Mrs. Motilal Nehru and others.

The number of readers and the number of books issued by the Government Telegraph Employees' Co-operative Society Free Public Library, during the month of December 1934, were 303 and 407 respectively. The Library has completed 2 years of succesful working.

THE CONJEEVARAM CO-OPERATIVE THRIFT AND LOAN SOCIETY, LTD., No. G. 982.

This society started under the auspicies of the Provincial Co-operative union, Madras, in 1930, has had another successful year of working in 1933—34. The progress of the society since its inauguration is shown below.

Year.	No. of members.	Share Capital paid.	Amount saved by members in each year.	Amount refunded.		Savings outstanding.	Loans disbursed to members each year.	Loans outstanding at the end of each year.	Members over-dues for		Net profit.	Dividend declared.
				Before three years.	After three years.				Subscriptions.	Loan instalments.		
30—31	87	169	1,890	469	...	1,421	6	6	...	...	4	...
31—32	107	193	4,773	1,935	...	4,259	417	273	...	...	34	9
32—33	105	185	5,265	2,957	...	6,567	1 437	951	...	...	101	9
33—34	119	203	4,581	1,017	5,830	4,301	1,400	437	...	...	140	9*

The members of 1933—34 are classified as below:—

		Brought forward	... 91
Pensioners	... 8	Wage earners	... 11
Teachers	... 11	Compounder	... 1
Clerks	... 21	Vakil	... 1
Officers	... 4	Barbers	... 2
Doctors	... 9	Washer woman	... 1
Merchants	... 11	Motor Driver	... 1
Dependants	... 18	Chukkler	... 1
Landlords	... 4	Gumastas	... 4
Village Officers	... 2	Peons	... 6
Nurses	... 3		
Carried over	... 91	Total	... 119

But for the *economic* depression the progress should have been still better. The noteworthy features are the development of the habits of thrift and of regularity of members in paying the dues of the society. Several of the local societies have since the establishment of this society and to its gratification introduced provisions for compulsory savings by members by monthly subscriptions to thrift or other funds.

* Can be declared.

An Important High Court Judgment On Unlimited Liability.

His Lordship Justice Burn disposed of a petiton on 3rd December 34 for the issue of a writ of certiorari against the order of the Registrar of Co-operative Societies, Madras, under the following circumstances:—

The Uthukotai Co-operative Society in Ponneri Taluk, Chingleput District, was liquidated in September, 1933 and the Deputy Registrar of Co-operative Societies was appointed liquidator. He passed two contribution orders against Kuppu Govinda Chetti. (President of the Society) one for Rs. 2,000 and another for Rs. 8,000 without, it was alleged, settling the claims and assets of the Society and after Kuppu Govinda Chetti had tendered his resignation of his office as President and member of the Society. Against the liquidator's orders, he appealed to the Registrar who dimissed the appeal stating that he declined to interfere in the matter. Against that order the present miscellaneous petition was filed in the High Court to quash the proceedings of the Registrar.

His Lordship, in dismissing the petition, observed that the petitioner's main contention was that before the liquidation proceedings began he had ceased to be a member of the Society and that therefore the liquidator had no jurisdiction to make any order against him for contribution. If this was correct, His Lordship thought that the remedy lay in the ordinary Civil Court. Even if this was a matter of doubt the Civil Courts had jurisdiction to decide *it according* to a decision in A. L. R. 1933 Lahore 442. If, on the other hand, the petitioner continued to be a *member* after the liquidation proceedings began, his liability being unlimited, he could not question the orders passed by the liquidator except by appeal to the Registrar. There was no ground for the exercise of this Court's extraordinary powers of interference by the issue of writ to quash the proceedings. The petition was dismissed.

Mr. T. R. Venkatrama Sastriar and Mr. T. V. Rajagopal appeared for the Society, Mr. K. Bashyam and Mr. Basheer Ahmed for the petitioner and Mr. P. N. Marthandam Pillai for the Registrar.

By Courtesy "Hindu."

G. O.'s AND CIRCULARS.

G. O. No. 1696 Ms., dated 15th December 1934.

ORDER:—

In modification of the orders in G. O. No. 972 Development Ms. dated the 13th July 1934, the Government exempt under section 60 of the Madras Co-operative Societies Act, 1932, co-operative societies of all classes from the operation of Section 34 (1) (c) of the Act, so as to enable them to invest a portion of their funds in the shares of the Reserve Bank of India.

(By order of the Government, Ministry of Public Works.)

C. A. HENDERSON,

Secretary to Government.

D. Dis. 5818/34.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES.
Madras, Dated 13th December 1934.

T. AUSTIN ESQUIRE, I. C. S.,
Registrar.

CIRCULAR.

Sub :—Registration—Co-operative societies and Land Mortgage Banks—abuse of concession.

The Inspector General of Registration has brought to the notice of the Registrar that a primary land mortgage bank applied and got free of cost a certified copy of sale deed of certain property in favour of one of its members instead of asking the member to obtain at his cost a certified copy of the sale deed and prove his title to the property. It is also represented that cases of this kind are in the increase and that the Registration Department is deprived of its legitimate revenue. The Registrar desires therefore that Co-opetative societies, including land mortgage banks, should not apply to the Registration Department for certified copies unless they are satisfied that the member concerned is not in a position to produce the original title deed or a certified copy thereof.

(By Order)
A. VENUGOPAL RAO,
Manager.

No. Dis. B. 7075-34.

OFFICE OF THE REGISTRAR OF
CO-OPERATIVE SOCIETIES,
Madras, Dated 11th December 1934.

T. AUSTIN ESQUIRE, I. C. S.,
Registrar

MEMORANDUM.

Sub :—Co-operative Societies—Development of subsidiary occupations of members—Resolution of the third Conference of the All-India Co-operative Institutes—Communicated.

A copy of the resolution of the third All India Co-oparative Institutes' Conference is communicated to all Deputy Registrars and Sub Deputy Registrars in independent charge, Deputy Registrars for Land Mortgage Banks, Central Banks and Federations for information, and they are requested to explore the possibilities of developing rural cottage industries on Co-operative lines wherever there are possibilities.

Copy of resolution.

"This Conference is of opinion that the development of subsidiary occupations in rural areas ought to be one of the most important items in the programme of Co-operative work so as to increase the earning capacity of the agriculturists without which it would be difficult to keep him free from debt even when once his debts have been redeemed."

(By Order)
A. VENUGOPAL RAO,
Manager.

Edited by Mr. V. Venkatasubbaiya, B.A., and Printed at the C. C. P. Works, Chintadripet, Madras.